For foreign Policy Advisory Committee

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY DATE SECRET
RD or XDS EXT DATE "OADR"
TS AUTH. REASON(S) EO 12356
ENDORSE EXISTING MARKINGS
DECLASSIFIED RELEASABLE
RELEASE DENIED PA/PI EXEMPTIONS
Declassified SECRET
1.5(a)(5)

EXCISE

(133)

IRAN: THE HOSTAGE ISSUE

The Problem. From the start of the hostage crisis, efforts to secure their safe release consistent with the honor and vital interests of the United States were blocked in Tehran by the struggle for power, the lack of a governmental structure that could make and enforce decisions, massive distrust of the U.S., lack of a consensus on realistic conditions for release, and the refusal to permit meaningful, sustained negotiations.

Early Days. Despite initial assurances that the hostages would be released, Khomeini's support for the militants, the fall of the relatively moderate Bazargan government, the unacceptable militant conditions (return of the Shah) supported by Bani-Sadr, and Khomeini's orders against any Iranian contact with us demonstrated that the Iranian authorities were unable or unwilling to bring about their immediate release. Given the violence and threats of that period, there was concern for both the safety and the treatment of the hostages.

First U.S. Reactions. U.S. steps to isolate Iran were taken in part to show the Iranian public in concrete ways that their actions would have a cost. The U.S. banned imports of Iranian oil; blocked Iranian Government assets in U.S. banks here and abroad; took our case to the International Court of Justice, which ruled unanimously that Iran must release the hostages; pressed in the Security Council for economic sanctions against Iran in a resolution which was vetoed by the Soviet Union. After the Soviet veto, the EC-9 and Japan declined then to join in economic sanctions.

Indirect Exchanges. In January, with Bani-Sadr elected President and Ghotbzadeh continuing as Foreign Minister, intermediaries helped to devise an agreed scenario for release involving reciprocal steps and the work of the UN Commission to hear Iran's grievances and allow an end of the crisis. Despite the apparent majority agreement in the Revolutionary Council--then the main governmental institution--these efforts broke down when the struggle between secular and clerical factions in Iran again prevented the Iranian authorities from honoring their promises to Secretary General Waldheim and others. Khomeini backed the clerics against Bani-Sadr and Ghotbzadeh.

Sanctions. With the failure of the scenario, further U.S. economic constraints were imposed on Iran, including a prohibition on exports to Iran and on financial dealings with Iran and restrictions on travel; this time the nine Common Market countries plus Japan, Canada and Australia joined us in imposing economic sanctions.

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY DATE 6/7/83
RDS or XDS EXT. DATE
TS AUTH. REASON(S)
ENDORSE EXISTING MARKINGS
DECLASSIFIED RELEASABLE
RELEASE DENIED PA/PI EXEMPTIONS
SECRET

The Rescue Mission. When both diplomacy and pressure had failed to move the Iranians, the rescue mission was attempted. In the aftermath of its failure, there was virtually no communication with Iran for some weeks.

Preparing for New Approaches. We decided to allow time to build pressure on the Iranian economy and to enable the Parliament to organize itself and confirm a Prime Minister and cabinet. We laid the groundwork for broadening our contact with the religious elements which were to dominate the new government. Word was passed to the Iranians through a variety of intermediaries that would permit them eventually to frame their demands in a form that we could accept.

Khomeini's Statement. The process of reaching a hostage decision in the new Parliament was significantly advanced by Khomeini's statement on September 13 that any solution must include a pledge of non-interference in Iran's affairs, unfreezing of the Iranian assets, return of the Shah's wealth and cancellation of claims against Iran. Progress was set back by the outbreak of the Iran-Iraq war on September 22.

Parliament's Decision. The Parliament's foreign affairs committee formed a special commission to propose a solution to the hostage crisis; after two weeks of discussion, the commission's proposals, a detailed version of Khomeini's four points, were accepted by the entire Parliament and referred to a government committee headed by Executive Affairs Minister Nabavi under Prime Minister Rajai for implementation.

U.S. Response. A positive response has been prepared that details how the U.S. can meet the Parliament's four proposals. This has been delivered to the Algerian government and transmitted--at Iran's request--through the Algerians. This response accepts the Parliament's resolution as a basis for ending the crisis but describes the implementing steps the U.S. is prepared to take in terms permissible within the U.S. legal and political system. The constraints on our flexibility have been explained to the Algerians so that they may explain the U.S. response to the Iranian officials accordingly. A first-rate Algerian team carried the U.S. response to Tehran.

The Probability of a Middle East Summit

Origin. A post-November 4 trilateral summit was proposed by Sadat in agreeing to resume the autonomy talks in early September after suspending them for a second time following the Knesset's Jerusalem bill. The Israelis reluctantly agreed in order to get the talks started again. No date for the Summit was set; originally a November date was spoken of but subsequently, even before the U.S. elections, both sides indicated a preference for a later date--late December or January.

Sadat's view. During the summer and fall the Egyptians became increasingly convinced that the autonomy talks were bogging down. Sadat in particular seems to have written off the possibility of achieving an autonomy agreement that Egypt could agree to so long as Begin remains in power, and has for some time focused his thinking on the prospects for making a new start on the assumption that a new Labor government will come to power. Sadat would presumably welcome early Israeli elections, but he does not seem overly concerned by the present estimate that elections will not be held much before November 1981. Given Sadat's skepticism that anything can be accomplished with a Begin government, his insistence on a summit meeting early in the new year is somewhat inconsistent. Perhaps it can be explained by his wanting to show that he had made a last effort to conclude an autonomy agreement with Begin, and this failing, he would be justified in digging in to wait for a change of leadership in Israel.

Begin's attitude toward a possible summit has been heavily affected by his need to establish his position for next year's election. Part of his strategy throughout his term has been to demonstrate to the Israeli public his ability to maintain good relations with Washington. He has always responded positively to the President's invitations so that he could not be blamed either at home or abroad for deterioration of U.S./Israeli relations or delays in the peace process. At the same time, Begin has held consistently to a firm position in the autonomy negotiations, based both on his Greater Israel ideology and his sense of Israel's security needs. He has insisted that Israel can agree to only a restricted form of autonomy which would preserve Israel's option to extend its sovereignty to the West Bank and Gaza in the last phase of negotiations, and also would block any push for a Palestinian state. Begin would view a summit as an opportunity to demonstrate his ability to defend these Israeli interests and could be expected to hold strongly to his positions and to offer few compromises. He would be ready to accept the prospect of a summit ending without agreement, because he could use such an outcome to depict himself as the protector of vital Israeli interests.

Since the U.S. election, Egyptians and Israelis have been rethinking the concept of an early trilateral summit. We have already received a signal from the Egyptians that Sadat would wish to have a bilateral meeting with the new President before proceeding

with a trilateral summit. Begin--particularly in light of President-elect Reagan's decision not to meet with foreign leaders prior to January 20--will probably also seek the opportunity for a bilateral meeting with President Reagan after the inauguration. Both sides will want to know Washington views before making decisions with respect to their own strategy on the peace process.

A Holding Pattern. The brief, completely pro-forma trilateral "negotiating" session held November 17 is indicative of the extent to which both sides have gone into a holding pattern until they see which way the new Administration is heading in its broad Middle East policy. Both leaders see an opportunity to shape the U.S. approach to the negotiations by pressing their respective strategic concepts of the Middle East. Sadat will urge the need for a bolder, more assertive approach to achieve a real breakthrough on the Palestinian issue as central to U.S. objectives throughout the area; he will also emphasize the profound shift toward the West in Egypt's international orientation over the past decade and the importance of the Egyptian regional role and of increased U.S. support for Egypt. Begin, in contrast, will argue that instability in the Gulf and the security of the oil fields rather than the Palestinian problem is the central issue for the U.S., and that therefore a slow, cautious approach to the peace process is indicated. Both leaders will be prepared to give the new Administration time to make up its mind, but they will recognize the importance of getting their word in early.

The prospect, therefore, is that pressures for an early trilateral summit are off but that both Begin and Sadat will press for early bilateral visits. In the meantime, neither side will be willing to make any significant concessions on the draft "Memorandum of Understanding" that Ambassador Linowitz has tabled as the basis for discussion.

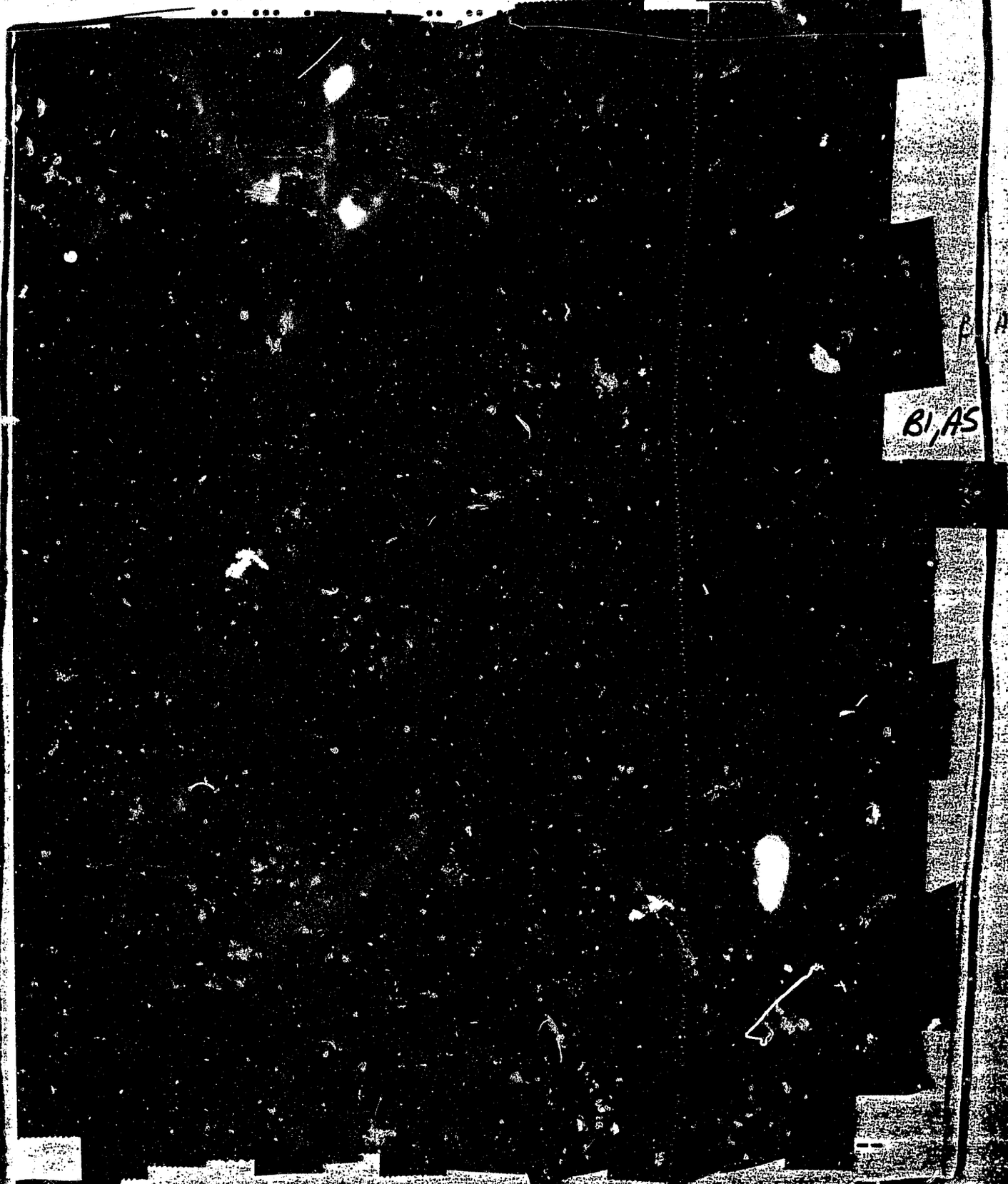
November 19, 1980

[redacted]

return to S+S1

EXCISE

IMPLICATIONS OF THE IRAQ-IRAN WAR



B1, AS

ENCLOSURE

[redacted]

BI, AS

[redacted]

DECLASSIFIED

November 19, 1980